

6. Implementation Arrangements

Section 6.1. Funds Provided to the Government of Indonesia

The MOH and BKKBN will manage and take overall responsibility for implementing activities which will be funded through the Government of Indonesia through Implementation Letters or USAID implementing partners. Activities funded under this mechanism include, but are not limited to: hiring full-time or part-time Program Managers; hiring short-term consultants; training of health providers; supervision of service delivery activities; development of service delivery standards and protocols; development of training materials; operations research; travel and per diem for project monitoring and supervision; design of IEC materials; printing and dissemination; and report preparation.

Also refer to Section 5.2, Grantee Responsibilities which discuss grantee responsibilities for auditing, contracting, and reporting.

Section 6.2. Grants, Cooperative Agreements, and Contracts Awarded by USAID

USAID will solicit, manage, finance and take overall responsibility for goods and technical services to be procured which contribute to the Objective of this Agreement, "Protecting the Health of the Most Vulnerable Women and Children." USAID may use various different procurement mechanisms, such as grants, cooperative agreements, institutional contracts, indefinite quantity contracts, Participating Agreements with other U.S. Government Agencies (PASAs), and Personal Service Contracts (PSCs). This assistance will be used to provide technical assistance and other program support for program implementation.

USAID may fund implementing organizations through four primary mechanisms: (1) funds obligated through this Agreement ("bilateral obligations"); (2) bilateral funds obligated outside of this Agreement as "unilateral obligations" awarded by USAID; (3) Mission Field Support Funds; and (4) Funds provided by various Bureaus from USAID/Washington to USAID contractors and grant recipients.

Funding for this program will be provided to implementing organizations from appropriations and accounts within USAID, including the Development Assistance (DA) Account; the Child Survival and Other Disease (CSD) Account; and the Displaced Children and Orphans Fund (DCOF). Funding will be provided from the USAID/Indonesia budget; from the Asia Near East Bureau (Accelerated Economic Recovery in Asia (AERA) regional project; from the Global Bureau/PIIN Center; and from the Bureau for Humanitarian Response, as well as others, as appropriate.

Family Planning

USAID-funded implementing partners for the Family Planning component currently include:

- Pathfinder International, Service Delivery Expansion Support Project (SDES);

- The Futures Group International, POLICY Project;
- Johns Hopkins University Program for Education in Obstetrics and Gynecology (JHPIEGO), National Clinical Training Network Project;
- The Population Council, FRONTIERS Project.
- Johns Snow, Inc., The Family Planning Logistics Management Project (FPLM)
- Macro International, the MEASURE Project, Demographic and Health Surveys.

The Program Management Unit responsible for family planning may also identify local NGOs who are eligible to receive funding through these implementing partners (e.g., PKMI, PKBI, POGI, YKB, IDI, IBI, etc). The Management Unit will also identify specific future activities and suggest changes in the implementing partners when these projects end in mid-2000.

Maternal and Neonatal Health

USAID-funded implementing partners for the Maternal and Neonatal Health component currently include:

- Johns Hopkins University, Maternal and Neonatal Health Program (MNH) and its collaborating partners, including Johns Hopkins Population Communication Services (JHU/PCS), Program for Appropriate Technology in Health (PATH), Helen Keller International (HKI), and Association for Voluntary and Safe Contraception (AVSC);
- University of North Carolina/PRIME, and JHPIEGO Maternal Health Training Project;
- John Snow, Inc., MOTHERCARE III Project.
- Helen Keller International, Maternal Mortality Reduction through Micronutrient Supplementation project.

Changes in implementing partners, and identification of qualified local NGOs (e.g., PKMI, PKBI, YKB, IDI, IBI, etc.) to receive funding under the Maternal and Neonatal Health component, as well as future activities, will be identified by the Management Unit.

Child Health and Nutrition

Current and planned USAID-funded implementing partners for the Child Health and Nutrition component are:

- Helen Keller International, Improving Nutrition Surveillance and Vitamin A Coverage project;
- National Cooperative Business Association, Managed Health Care in East Timor;
- UNICEF and World Vision for Supplementary Infant Feeding programs.

The Program Management Unit responsible for child health and nutrition may also identify local NGOs who are eligible to receive funding through these implementing partners (e.g., PKMI, PKBI, POGI, YKB, IDI, IBI, etc). The Management Unit will also identify specific future activities and suggest changes in the implementing partners.

HIV/AIDS

Key implementing partners which are currently implementing HIV/AIDS activities include:

- Family Health International for the HAPP project;
- The Futures Group International for condom social marketing;

- U.S. Centers for Disease Control;
- Program for Appropriate Technology in Health (PATH), the AIDS Initiatives II Project in Irian Jaya.

The current USAID bilaterally-funded HIV/AIDS Prevention Project (HAPP), which is obligated and financed under a separate Strategic Objective Agreement with the MOH, is scheduled to end in September, 2000. Future HIV/AIDS prevention activities which are not funded under the HAPP project will be funded under this new Agreement. The HIV/AIDS Management Unit will identify follow-on activities, geographic focus, and key implementing partners for the next phase of HIV/AIDS assistance.

Crisis Monitoring and Surveillance

Key implementing partners for the Crisis Monitoring and Surveillance component will be identified by the Management Unit and may include, but are not limited to:

- The Futures Group International, POLICY Project;
- Helen Keller International, Improving Nutritional Surveillance;
- Pathfinder International, SDES Project Assistance to BKKBN Crisis Centers.

USAID Program Management

To assist USAID/Indonesia in designing, implementing and evaluating this comprehensive new program, USAID is planning to employ technical advisors through one or several following mechanisms: (1) Participating Agreements with other U.S. Government Agencies (PASAs); (2) fellowship programs including Johns Hopkins Health and Child Survival Fellowship Program, and the Public Health Institute Population Leaders Program; and (3) direct Personal Services Contracts for technical management expertise.

Other Activities

In addition to the activities and partners described herein, various bureaus in USAID/Washington may also provide additional funding, which is obligated outside of this Agreement. These projects support USAID's overall objectives in Population, Health and Nutrition and also contribute to improving the health of women and children in Indonesia. There are currently several such projects underway in Indonesia, including:

- Project Concern International (PCI), the Child Survival project in Irian Jaya;
- Project Concern International (PCI), NGO Capacity Building Initiatives to Mitigate the Spread of HIV/AIDS;
- Program for Appropriate Technology in Health (PATH), the "ARIVAC" project in Lombok;
- World Health Organization, the Polio Eradication Program;
- World Vision, the Rural Entrepreneurs and Advocates for Child Health (REACH) project in Central Sulawesi;
- International Planned Parenthood Federation/London, Country support for the Indonesian Planned Parenthood Association;

- Pathfinder International and East West Center, the FOCUS project, Adolescent Reproductive Health Survey; and
- Harvard Institute for International Development, Applied Research in Child Health (ARCH) project, Compliance for ARI Standard Treatment Guidelines, Gadjah Mada University.

Others may be identified over the course of this program.

7. Monitoring Progress and Evaluating Results

The monitoring and evaluation plan for this program will be developed more fully for the program period by the appropriate Program Management Units described in Section 5, Roles and Responsibilities of the Parties. Annual targets for selected indicators will be developed by the Program Management Units.

The indicators to be used in monitoring this program were already provided in Section 4, Results to be Achieved, Activities, and Indicators to Measure Accomplishments. They are summarized below:

Protecting the Health of the Most Vulnerable Women and Children -- Results Indicators

Essential Services Preserved

- Maintenance and eventual increase in family planning utilization (as measured by Contraceptive Prevalence Rate) in project provinces.
- Quality of Care improved through the utilization of demand fulfillment and informed choice approaches.
- Emergency contraceptive and medical supply donations distributed and being used in service delivery points.
- An increase in the proportion of pregnant women with at least two doses of Tetanus Toxoid immunization in targeted project areas.
- A decrease in the prevalence of anemia among pregnant women in project areas, including low income urban areas.
- An increase in the proportion of home deliveries appropriately managed by a provider trained in the Basic Delivery Care course in project areas.
- An increase in the proportion of births attended by trained providers in project areas.

- An increase in Vitamin A capsule coverage among children 6-11 months of age in targeted areas, including urban slums.
- A decrease in anemia in children under the age of two in targeted areas.
- A decrease in the percentage of malnourished children under age two in targeted areas as measured by stunting (height-for-age); underweight (weight-for-age); and wasting (weight-for-height).
- An increase in the percent of commercial sex workers reporting use of condom at last act of sexual intercourse.
- An increase in the percent of people at high risk of sexually transmitted diseases correctly diagnosed and treated in target areas.

Crisis Monitoring and Surveillance

- Data from surveillance and crisis monitoring systems available on timely and regular basis at central, provincial and district levels.
- Policy makers and program managers use these data to make decisions at central, provincial and district levels.

Promotion of Appropriate Behaviors and Services

- The indicators shown above in Essential Services Preserved also reflect achievement in promoting appropriate behaviors.
- Percentage of women who have knowledge of key dietary practices related to better nutrition.
- Percentage of adults (male and female) knowledgeable about maternal complications of pregnancy and childbirth.

The Program Management Units discussed above in Sections 5 and 6, will be responsible for revising, deleting, or adding indicators which will be used to monitor this program. Program Management Units will also be responsible for establishing annual targets. Indicators may be changed or amended upon agreement of the Parties and approved by USAID through Implementation Letters.

Program Management Units will determine which implementing organizations are responsible for collecting information related to program progress, with what frequency the indicators will be measured, and how the indicators will be reported to USAID and GOI Parties to this Agreement.

Table 1
Protecting the Health of the Most Vulnerable Women and Children
USAID Strategic Objective Agreement
Budget Summary

Funding Category	USAID Grant		USAID Obligations	
	Life of Program Funding (FY99 - FY02)		This Increment	
	TA*	Program** Total	USAID/Indonesia (\$)	ANE Bureau/AERA (\$)
a. Family Planning	5,600,000	8,400,000	1,700,000	0
b. Maternal and Neonatal Health	8,400,000	12,600,000	4,200,000	2,000,000
c. Child Health and Nutrition	6,400,000	9,600,000	2,500,000	4,500,000
d. HIV/AIDS	5,600,000	8,400,000	0	0
e. Crisis monitoring and surveillance	1,600,000	2,400,000	600,000	0
f. Program Management, Evaluation	1,000,000	0	0	0
Sub-total:	28,600,000	41,400,000	9,000,000	6,500,000

* Technical assistance (both short-term and long-term) provided to the Government of Indonesia and to local non-governmental organizations by U.S. grant recipients and contractors to implement and manage the program, to carry out activities determined by the Executive Steering Committee and Program Management Units (described in Section 5.1).

** Includes direct program support such as training for health providers and officials; institutional strengthening; grants to international and local PVO/NGOs; surveillance; medical supplies and commodities.

ANNEX 2

STANDARD PROVISIONS

*Protecting the Health of the
Most Vulnerable Women and Children*

USAID/Indonesia

ANNEX 2

STANDARD PROVISIONS

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STANDARD PROVISIONS

Article A: Definitions and Implementation Letters.

Section A.1. Definitions. As used in this Annex, the "Agreement" refers to the Strategic Objective Grant Agreement to which this Annex is attached and of which this Annex forms a part. Terms used in this Annex have the same meaning or reference as in the Agreement.

Section A.2. Implementation Letters. To assist the Grantee in the implementation of the Agreement, USAID, from time to time, will issue Implementation Letters that will furnish additional information about matters stated in this Agreement. The Parties may also issue jointly agreed-upon Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Implementation Letters can also be issued to record revisions or exceptions which are permitted by the Agreement.

Article B: General Covenants.

Section B.1. Consultation. The Parties will cooperate to assure that the Objective and Results of this Agreement will be accomplished. To this end, the Parties, at the request of either, will exchange views on progress towards the Objective and Results, the performance of obligations under this Agreement, the performance of any consultants, contractors, or suppliers engaged under the Agreement, and other matters relating to the Agreement.

Section B.2. Execution of Agreement. The Grantee will:

(a) Carry out the Agreement or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices, and in conformity with those documents, plans, specifications, contracts, schedules, or other arrangements, and with any modifications therein, approved by USAID pursuant to this Agreement; and

(b) Provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of activities financed under the Agreement, and, as applicable for continuing activities, cause those activities to be operated and

maintained in such manner as to assure the continuing and successful achievement of the Objective and Results of the Agreement.

Section B.3. Utilization of Goods and Services.

(a) Any goods and services financed under this Agreement, unless otherwise agreed in writing by USAID, will be devoted to the Agreement until the completion or termination of the Agreement, and thereafter (as well as during any period of suspension of the Agreement) will be used to further the Objective of the Agreement and as USAID may direct in Implementation Letters.

(b) Goods or services financed under this Agreement, except as USAID may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in USAID Geographic Code 935 as in effect at the time of such use.

Section B.4. Taxation.

(a) General Exemption. The Agreement and the assistance thereunder are free from any taxes imposed under laws in effect in the territory of the Grantee.

(b) Except as provided otherwise in this provision, the General Exemption in subsection (a) applies to, but is not limited to (1) any activity, contract, grant or other implementing agreement financed by USAID under this Agreement; (2) any transaction or supplies, equipment, materials, property or other goods (hereinafter collectively "goods") under (1) above; (3) any contractor, grantee, or other organization carrying out activities financed by USAID under this Agreement; (4) any employee of such organizations; and (5) any individual contractor or grantee carrying out activities financed by USAID under this Agreement.

(c) Except as provided otherwise in this provision, the General Exemption in subsection (a) applies to, but is not limited to, the following taxes:

(1) Exemption 1. Customs duties, tariffs, import taxes, or other levies on the importation, use and re-exportation of goods or the personal belongings and effects (including personally-owned automobiles) for the personal use of non-national individuals or their family members.

Exemption 1 includes, but is not limited to, all charges based on the value of such imported goods, but does not include service charges directly related to services performed to transfer goods or cargo.

(2) Exemption 2. Taxes on the income, profits or property of all (i) non-national organizations of any type, (ii) non-national employees of national and non-national organizations, or (iii) on-national individual contractors and grantees. Exemption 2 includes income and social security taxes of all types and all taxes on the property, personal or real, owned by such non-national organizations or persons. The term "national" refers to organizations established

under the laws of the Grantee and citizens of the Grantee, other than permanent resident aliens in the United States.

(3) Exemption 3. Taxes levied on the last transaction for the purchase of goods or services financed by USAID under this Agreement, including sales taxes, value-added taxes (VAT), or taxes on purchases or rentals of real or personal property. The term "last transaction" refers to the last transaction by which the goods or services were purchased for use in the activities financed by USAID under this Agreement.

(d) If a tax has been levied and paid contrary to the provisions of an exemption, USAID may, in its discretion, (1) require the Grantee to refund to USAID or to others as USAID may direct the amount of such tax with funds other than those provided under the Agreement, or (2) offset the amount of such tax from amounts to be disbursed under this or any other agreement between the Parties.

(e) In the event of a disagreement about the application of an exemption, the Parties agree to promptly meet and resolve such matters, guided by the principle that the assistance furnished by USAID is free from direct taxation, so that all of the assistance furnished by USAID will contribute directly to the economic development of the country of the Grantee.

Section B.5. Reports and Information, Agreement Books and Records, Audits, and Inspections.

(a) Reports and Information. The Grantee shall furnish USAID accounting records and such other information and reports relating to the Agreement as USAID may reasonably request.

(b) Agreement Books and Records. The Grantee shall maintain accounting books, records, documents and other evidence relating to the Agreement, adequate to show, without limitation, all costs incurred under the Agreement, the receipt and use of goods and services acquired under the Agreement, agreed-upon cost sharing requirements, the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Agreement toward completion ("Agreement books and records"). The Grantee shall maintain books and records in accordance with generally accepted accounting principles prevailing in the United States, or at the Grantee's option, with approval by USAID, other accounting principles, such as those (1) prescribed by the International Accounting Standards Committee (an affiliate of the International Federation of Accountants), or (2) prevailing in the country of the Grantee. Agreement books and records shall be maintained for at least three years after the date of last disbursement by USAID or for such longer period, if any, required to resolve any litigation, claims or audit findings.

(c) Grantee Audit. If \$300,000 or more is expended directly by the Grantee in its fiscal year under the Agreement, the Grantee shall have financial audits made of the expenditures in accordance with the following terms except as the Parties may otherwise agree in writing:

(1) With USAID approval, the Grantee shall use its Supreme Audit Institution or select an independent auditor in accordance with the "Guidelines for Financial Audits Contracted by Foreign Recipients" issued by the USAID Inspector General ("Guidelines"), and the audits shall be performed in accordance with the "Guidelines"; and

(2) The audit shall determine whether the receipt and expenditure of the funds provided under the Agreement are presented in accordance with generally accepted accounting principles agreed to in section (b) above and whether the Grantee has complied with the terms of the Agreement. Each audit shall be completed not later than nine months after the close of the Grantee's year under audit.

(d) Subrecipient Audits. The Grantee, except as the Parties may otherwise agree in writing, shall submit to USAID, in form and substance satisfactory to USAID, a plan for the audit of expenditures of "covered" subrecipients, as defined below, that receive funds under this Agreement pursuant to a direct contract or agreement with the Grantee.

(1) A "covered" subrecipient is one who expends \$300,000 or more in its fiscal year in "USAID awards" (i.e., as recipients of USAID cost reimbursable contracts, grants or cooperative agreements and as sub-recipients under USAID strategic objective and other grant agreements with foreign governments).

(2) The plan should describe the methodology to be used by the Grantee to satisfy its audit responsibilities for covered subrecipients. The Grantee may satisfy such audit responsibilities by relying on independent audits of the subrecipients; expanding the scope of the independent financial audit of the Grantee to encompass testing of subrecipients' accounts; or a combination of these procedures.

(3) The plan shall identify the funds made available to covered subrecipients that will be covered by audits conducted in accordance with other audit provisions that would satisfy the Grantee's audit responsibilities. (A nonprofit organization organized in the United States is required to arrange for its own audits. A for-profit contractor organized in the United States that has a direct contract with USAID is audited by the cognizant U.S. Government Agency. A private voluntary organization organized outside the United States with a direct grant from USAID is required to arrange for its own audits. A host-country contractor

should be audited by the cognizant Grantee contracting agency).

(4) The Grantee shall ensure that covered subrecipients under direct contracts or agreements with the Grantee take appropriate and timely corrective actions; consider whether subrecipients' audits necessitate adjustment of its own records; and require each subrecipient to permit independent auditors to have access to records and financial statements as necessary.

(e) Audit Reports. The Grantee shall furnish or cause to be furnished to USAID an audit report for each audit arranged for by the Grantee in accordance with this Section within 30 days after the completion of the audit and no later than nine months after the end of the period under audit.

(f) Other Covered Subrecipients. For "covered" subrecipients who receive funds under the Agreement pursuant to direct contracts or agreements with USAID, USAID will include appropriate audit requirements in such contracts or agreements and will, on behalf of the Grantee, conduct the follow-up activities with regard to the audit reports furnished pursuant to such requirements.

(g) Cost of Audits. Subject to USAID approval in writing, costs of audits performed in accordance with the terms of this Section may be charged to the Agreement.

(h) Audit by USAID. USAID may, at its discretion, perform the audits required under this Agreement on behalf of the Grantee by utilizing funds under the Agreement or other resources available to USAID for this purpose.

(i) Opportunity to Audit or Inspect. The Grantee shall afford authorized representatives of USAID the opportunity at all reasonable times to audit or inspect activities financed under the Agreement, the utilization of goods and services financed by USAID, and books, records and other documents relating to the Agreement.

Section B.6. Completeness of Information. The Grantee confirms:

(a) that the facts and circumstances of which it has informed USAID, or caused USAID to be informed, in the course of reaching agreement with USAID on the Agreement, are accurate and complete, and include all facts and circumstances that might materially affect the Agreement and the discharge of responsibilities under this Agreement; and

(b) that it will inform USAID in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Agreement or the discharge of responsibilities under this Agreement.

Section B.7. Other Payments. Grantee affirms that no payments have been or will be received by any official of the Grantee in connection with the procurement of goods or services financed under the Agreement, except fees, taxes, or similar payments legally established in the country of the Grantee.

Section B.8. Information and Marking. The Grantee will give appropriate publicity to the Agreement as a program to which the United States has contributed, identify Agreement activity sites, and mark goods financed by USAID, as described in Implementation Letters.

Article C: Procurement Provisions.

Section C.1. Source and Origin.

C.1. Source and Origin. [If the authorized Geographic Code for foreign exchange procurement is Code 000, insert the following paragraph (a):

(a) Foreign Exchange Costs. Disbursements for Foreign Exchange Costs will be used exclusively to finance the costs of goods and services required for the Agreement having, with respect to goods, their source and origin and, with respect to the suppliers of goods and services, their nationality, in the United States (USAID Geographic Code 000), except as USAID may otherwise agree in writing.

[Alternatively, if the authorized Geographic Code for foreign exchange procurement is other than Code 000, insert the following paragraph (a):

(a) Foreign Exchange Costs. Disbursements for Foreign Exchange Costs will be used exclusively to finance the costs of goods and services required for the Agreement having, with respect to goods, their source and origin and, with respect to the suppliers of goods and services, their nationality, in countries included in Geographic Code ___ as in effect at the time orders are placed or contracts entered into for such goods or services, except as USAID may otherwise agree in writing and as follows:

(1) Ocean transportation costs shall be financed under the Agreement only on vessels under flag registry of countries included in Code 935. Also see Section C.6 on use of U.S. flag vessels.

(2) The country of the Grantee is an eligible source for Foreign Exchange Cost for marine insurance, if otherwise eligible under Section C.7(a).

(3) Any motor vehicles financed under the Agreement will be of United States manufacture, except as USAID may otherwise agree in writing.]

(b) Local Currency Costs. Disbursements for Local Currency Costs will be used exclusively to finance the costs of goods and services required for the Agreement which meet the requirements of USAID's local procurement policy which will be provided in an Implementation Letter.

(c) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(d) Provisions concerning restricted and ineligible goods and services may be provided in an Implementation Letter.

(e) Transportation by air of property or persons financed under this agreement will be on carriers holding United States certification, to the extent service by such carriers is available under the Fly America Act. This requirement may be further described by USAID in Implementation Letters.

Section C.2. Eligibility Date. No goods or services may be financed under the Agreement which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as the Parties may otherwise agree in writing.

Section C.3. Plans, Specifications and Contracts. In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Grantee will furnish to USAID upon preparation:

(1) any plans, specifications, procurement or construction schedules, contracts, or other documentation between the Grantee and third parties, relating to goods or services to be financed under the Agreement, including documentation relating to the prequalification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished USAID on preparation; and

(2) such documentation will also be furnished to USAID, upon preparation, relating to any goods or services, which, though not financed under the Agreement, are deemed by USAID to be of major importance to the Agreement. Aspects of the Agreement involving matters under this subsection (a)(2) will be identified in Implementation Letters.

(b) Documents related to the prequalification of contractors, and to the solicitation of

bids or proposals for goods and services financed under the Agreement will be approved by USAID in writing prior to their issuance, and their terms will include United States standards and measurements;

(c) Contracts and contractors financed under the Agreement for engineering and other professional services, for construction services, and for such other services, equipment, or materials as may be specified in Implementation Letters, will be approved by USAID in writing prior to execution of the contract. Material modifications in such contracts will also be approved in writing by USAID prior to execution; and

(d) Consulting firms used by the Grantee for the Agreement but not financed under the Agreement, the scope of their services and such of their personnel assigned to activities financed under the Agreement as USAID may specify, and construction contractors used by the Grantee for the Agreement but not financed under the Agreement, shall be acceptable to USAID.

Section C.4. Reasonable Price. No more than reasonable prices will be paid for any goods or services financed, in whole or in part, under the Agreement. Such items will be procured on a fair and, to the maximum extent practicable, competitive basis.

Section C.5. Notification to Potential Suppliers. To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Agreement, the Grantee will furnish USAID such information with regard thereto, and at such times, as USAID may request in Implementation Letters.

Section C.6. Transportation

(a) In addition to the requirements in Section C.1(a), costs of ocean or air transportation and related delivery services may not be financed under the Grant, if the costs are for transportation under an ocean vessel or air charter which has not received prior USAID approval.

(b) Unless USAID determines that privately owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels, or otherwise agrees in writing:

(1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by USAID which may be transported on ocean vessels will be transported on privately owned

United States-flag commercial vessels; and

(2) at least fifty percent (50%) of the gross freight revenue generated by all shipments financed by USAID and transported to the territory of the Grantee on dry cargo liners shall be paid to or for the benefit of privately owned United States-flag commercial vessels. Compliance with the requirements of (1) and

(2) of this subsection must be achieved with respect to both any cargo transported from U.S. ports and any cargo transported from non-U.S. ports, computed separately.

Section C.7. Insurance.

(a) Marine insurance on goods financed by USAID which are to be transported to the territory of the Grantee may be financed as a Foreign Exchange Cost under this Agreement provided:

(1) such insurance is placed at the most advantageous competitive rate;

(2) such insurance is placed in a country which is authorized under Section C.1(a); and

(3) claims thereunder are payable in U.S. dollars or any freely convertible currency unless USAID agrees otherwise in writing. If the Grantee (or government of the Grantee), by statute, decree, rule, regulation, or practice discriminates with respect to USAID-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the territory of the Grantee financed by USAID hereunder shall be insured against marine risks and such insurance shall be placed in the United States with a company or companies authorized to do marine insurance business in the United States.

(b) Except as USAID may otherwise agree in writing, the Grantee will insure, or cause to be insured, goods financed under the Agreement imported for the Agreement against risks incident to their transit to the point of their use under the Agreement; such insurance will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by the Grantee under such insurance will be used to replace or repair any material damage or any loss of the goods insured or will be used to reimburse the Grantee for the replacement or repair of such goods. Any such replacement will be of source and origin of countries listed in USAID Geographic Code 935 as in effect at the time of replacement and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

Section C.8. U.S. Government-Owned Excess Property. The Grantee agrees that wherever practicable United States Government-owned excess personal property, in lieu

of new items financed under the Grant, should be utilized. Funds under the Agreement may be used to finance the costs of obtaining such property.

Article D: Disbursements. [D.1 2 and 3 are optional; clause can provide that disbursements will be made through such means as the Parties agree to in writing or as set forth in Annex 1.]

Section D.1. Disbursement for Foreign Exchange Costs

(a) After satisfaction of conditions precedent, if any, the Grantee may obtain disbursements of funds under the Agreement for the Foreign Exchange Costs of goods or services required for the Agreement in accordance with its terms, by such of the following methods as may be mutually agreed upon:

(1) by submitting to USAID, with necessary supporting documentation as prescribed in Implementation Letters, (A) requests for reimbursement for such

goods or services, or, (B) requests for USAID to procure commodities or services in Grantee's behalf for the Agreement; or,

(2) by requesting USAID to issue Letters of Commitment for specified amounts directly to one or more contractors or suppliers, committing USAID to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by the Grantee in connection with Letters of Commitment will be financed under the Agreement unless the Grantee instructs USAID to the contrary. Such other charges as the Parties may agree to may also be financed under the Agreement.

Section D.2. Disbursement for Local Currency Costs.

(a) After satisfaction of conditions precedent, if any, the Grantee may obtain disbursements of funds under the Agreement for Local Currency Costs required for the Agreement in accordance with terms of this Agreement, by submitting to USAID, with necessary supporting documentation as prescribed in Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be purchased by USAID with U.S. Dollars. The U.S. Dollar equivalent of the local currency made available hereunder will be the amount of U.S. Dollars required by USAID to obtain the local currency.

Section D.3. Other Forms of Disbursement. Disbursements may also be made through such other means as the Parties may agree to in writing.

Section D.4. Rate of Exchange. If funds provided under the Agreement are introduced into the Cooperating Country by USAID or any public or private agency for purposes of carrying out obligations of USAID hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into local currency at the highest rate of exchange which, at the time the conversion is made, is not unlawful in the country of the Grantee to any person for any purpose.

Article E: Termination; Remedies.

Section E.1. Suspension and Termination.

(a) Either Party may terminate this Agreement in its entirety by giving the other Party 30 days written notice. USAID also may terminate this Agreement in part by giving the Grantee 30 days written notice, and suspend this Agreement in whole or in part upon giving the Grantee written notice. In addition, USAID may terminate this Agreement in whole or in part, upon giving the Grantee written notice, if (i) the Grantee fails to comply with any provision of this Agreement, (ii) an event occurs that USAID determines makes it improbable that the Objective or Results of the Agreement or the assistance program will be attained or that the Grantee will be able to perform its obligations under this Agreement, or (iii) any disbursement or use of funds in the manner herein contemplated would be in violation of the legislation governing USAID, whether now or hereafter in effect.

(b) Except for payment which the Parties are committed to make pursuant to noncancellable commitments entered into with third parties prior to such suspension or termination, suspension or termination of this entire Agreement or part thereof will suspend (for the period of the suspension) or terminate, as applicable, any obligation of the Parties to provide financial or other resources to the Agreement, or to the suspended or terminated portion of the Agreement, as applicable. Any portion of this Agreement which is not suspended or terminated shall remain in full force and effect.

(c) In addition, upon such full or partial suspension or termination, USAID may, at USAID's expense, direct that title to goods financed under the Agreement, or under the

applicable portion of the Agreement, be transferred to USAID if the goods are in a deliverable state.

Section E.2. Refunds.

(a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, USAID, notwithstanding the availability or exercise of any other remedies under this Agreement, may require the Grantee to refund the amount of such disbursement in U.S. Dollars to USAID within sixty (60) days after receipt of a request therefor.

(b) If the failure of Grantee to comply with any of its obligations under this Agreement has the result that goods or services financed or supported under the Agreement are not used effectively in accordance with this Agreement, USAID may require the Grantee to refund all or any part of the amount of the disbursements under this Agreement for or in connection with such goods or services in U.S. Dollars to USAID within sixty (60) days after receipt of a request therefor.

(c) The right under subsections (a) or (b) to require a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three years from the date of the last disbursement under this Agreement.

(d) (1) Any refunds under subsections (a) or (b), or (2) any refund to USAID from a contractor, supplier, bank or other third party with respect to goods or services financed under the Agreement, which refund relates to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will (A) be made available first for the Agreement, to the extent justified, and (B) the remainder, if any, will be applied to reduce the amount of the Grant.

(e) Any interest or other earnings on funds disbursed by USAID to the Grantee under this Agreement prior to the authorized use of such funds for the Agreement will be returned to USAID in U.S. Dollars by the Grantee, unless USAID otherwise agrees in writing.

Section E.3. Nonwaiver of Remedies. No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

Section E.4. Assignment. The Grantee agrees, upon request, to execute an assignment to USAID of any cause of action which may accrue to the Grantee in connection with or arising out of the contractual performance or breach of performance by a Party to a direct

U.S. Dollar contract which USAID financed in whole or in part out of funds granted by USAID under this Agreement.

Article F: Miscellaneous.

Section F.1. Job Loss, Export Processing Zones and Workers' Rights.

(a) No funds or other support provided hereunder may be used in an activity reasonably likely to involve the relocation or expansion outside of the United States of an enterprise located in the United States if non-U.S. production in such relocation or expansion replaces some or all of the production of, and reduces the number of employees at, said enterprise in the United States.

(b) No funds or other support provided hereunder may be used in an activity the purpose of which is the establishment or development in a foreign country of any export processing zone or designated area where the labor, environmental, tax, tariff, and safety laws of the country would not apply, without the prior written approval of USAID.

(c) No funds or other support provided hereunder may be used in an activity which contributes to the violation of internationally recognized rights of workers in the recipient country, including those in any designated zone or area in that country.

Section F.2. Voluntary Family Planning.

The Parties agree that all USAID funds provided under this Agreement shall be used in accordance with applicable United States policy and statutory requirements relating to voluntary family planning projects, and that none of the USAID funds provided under this Agreement, or goods or services financed by such funds, may be used for:

(a) the performance of abortion as a method of family planning or to motivate or coerce any person to practice abortions;

(b) the performance of involuntary sterilizations as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations; or

(c) any biological research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilizations as a method of family planning.

(d) USAID will issue implementation letters that more fully describe the requirements of this section.